

AMENDED IN ASSEMBLY APRIL 20, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1036

Introduced by Assembly Member Niello

February 27, 2009

An act to amend Section ~~326.3~~ 326.4 of the Penal Code, relating to ~~remote caller bingo~~ bingo.

LEGISLATIVE COUNSEL'S DIGEST

AB 1036, as amended, Niello. ~~Remote caller bingo: cosponsorship agreements.~~ *Bingo: electronic devices: mitigation payments.*

The California Constitution allows the Legislature, by statute, to authorize cities and counties to provide for bingo games for charitable purposes. Existing statutory law permits cities and counties to allow bingo games to be conducted by specified organizations for charitable purposes, and also permits cities and counties to allow remote caller bingo games, as defined. ~~Existing law allows a maximum of 10 unaffiliated organizations to enter into an agreement to cosponsor a remote caller bingo game if the game does not have more than 10 locations.~~ *Existing law prohibits electronics or video displays from being used in connection with the game of bingo, except as specified.*

Existing law establishes the Charity Bingo Mitigation Fund, administered by the California Gambling Control Commission, for the purpose of making payments to specified nonprofit organizations that, as of July 1, 2008, used electronic devices other than card-minding devices to conduct bingo games. Existing law requires an organization applying for mitigation payments to provide proof that its board of directors has adopted a resolution and its chief executive officer has signed a statement executed under penalty of perjury stating that, as of

January 1, 2009, the organization has ceased using electronic devices, other than card-minding devices, as a fundraising tool. Existing law allows each eligible organization to apply to the commission no later than January 31, 2009, for the mitigation payments.

This bill would, instead, allow a maximum of 100 unaffiliated organizations to enter into an agreement to cosponsor a remote caller bingo game if the game does not have more than 100 locations with respect to an organization applying for mitigation payments from the Charity Bingo Mitigation Fund, extend the date by which that organization must have ceased using electronic devices to October 1, 2010. The bill would also extend the deadline for applying to the commission for mitigation payments to October 31, 2010.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 326.4 of the Penal Code is amended to
2 read:

3 326.4. 326.4-(a) Consistent with the Legislature's finding that
4 card-minding devices, as described in subdivision (p) of Section
5 326.5, are the only permissible electronic devices to be used by
6 charity bingo players, and in an effort to ease the transition to
7 remote caller bingo on the part of those nonprofit organizations
8 that, as of July 1, 2008, used electronic devices other than
9 card-minding devices to conduct games in reliance on an ordinance
10 of a city, county, or city and county that, as of July 1, 2008,
11 expressly recognized the operation of electronic devices other than
12 card-minding devices by organizations purportedly authorized to
13 conduct bingo in the city, county or city and county, there is hereby
14 created the Charity Bingo Mitigation Fund.

15 (b) The Charity Bingo Mitigation Fund shall be administered
16 by the *California* Gambling Control Commission.

17 (c) Mitigation payments to be made by the Charity Bingo
18 Mitigation Fund shall not exceed five million dollars (\$5,000,000)
19 in the aggregate.

20 (d) (1) To allow the Charity Bingo Mitigation Fund to become
21 immediately operable, five million dollars (\$5,000,000) shall be
22 loaned from the accrued interest in the Indian Gaming Special
23 Distribution Fund to the Charity Bingo Mitigation Fund on; or

1 after January 1, 2009, to make mitigation payments to eligible
2 nonprofit organizations. Five million dollars (\$5,000,000) of this
3 loan amount is hereby appropriated to the Gambling Control
4 Commission for the purposes of providing mitigation payments
5 to certain charitable organizations, as described in subdivision (e).
6 Pursuant to Section 16304 of the Government Code, after three
7 years the unexpended balance shall revert back to the Charity
8 Bingo Mitigation Fund.

9 (2) To reimburse the Special Distribution Fund, those nonprofit
10 organizations that conduct a remote caller bingo game pursuant
11 to Section 326.3 shall pay to the Gambling Control Commission
12 an amount equal to 5 percent of the gross revenues of each remote
13 caller bingo game played until ~~that the time as that~~ the full
14 advanced amount plus interest on the loan at the rate accruing to
15 moneys in the Pooled Money Investment Account is reimbursed.

16 (e) (1) An organization meeting the requirements in subdivision
17 (a) shall be eligible to receive mitigation payments from the Charity
18 Bingo Mitigation Fund only if the city, county, or city and county
19 in which the organization is located maintained official records of
20 the net revenues generated for the fiscal year ending June 30, 2008,
21 by the organization from the use of electronic devices or the
22 organization maintained audited financial records for the fiscal
23 year ending June 30, 2008, which show the net revenues generated
24 from the use of electronic devices.

25 (2) In addition, an organization applying for mitigation payments
26 shall provide proof that its board of directors has adopted a
27 resolution and its chief executive officer has signed a statement
28 executed under penalty of perjury stating that, as of ~~January~~
29 *October* 1, 2009, the organization has ceased using electronic
30 devices other than card-minding devices, as described in
31 subdivision (p) of Section 326.5, as a fundraising tool.

32 (3) Each eligible organization may apply to the *California*
33 Gambling Control Commission no later than ~~January~~ *October* 31,
34 2009, for the mitigation payments in the amount equal to net
35 revenues from the fiscal year ending June 30, 2008, by filing an
36 application, including therewith documents and other proof of
37 eligibility, including any and all financial records documenting
38 the organization's net revenues for the fiscal year ending June 30,
39 2008, as the ~~Gambling Control Commission~~ *commission* may
40 require. The ~~Gambling Control Commission~~ *commission* is

1 authorized to access and examine the financial records of charities
2 requesting funding in order to confirm the legitimacy of the request
3 for funding. In the event that the total of those requests exceeds
4 five million dollars (\$5,000,000), payments to all eligible applicants
5 shall be reduced in proportion to each requesting organization's
6 reported or audited net revenues from the operation of electronic
7 devices.

8 ~~SECTION 1. Section 326.3 of the Penal Code is amended to~~
9 ~~read:~~

10 ~~326.3. (a) The Legislature finds and declares all of the~~
11 ~~following:~~

12 ~~(1) Nonprofit organizations provide important and essential~~
13 ~~educational, philanthropic, and social services to the people of the~~
14 ~~State of California.~~

15 ~~(2) One of the great strengths of California is a vibrant nonprofit~~
16 ~~sector.~~

17 ~~(3) Nonprofit and philanthropic organizations touch the lives~~
18 ~~of every Californian through service and employment.~~

19 ~~(4) Many of these services would not be available if nonprofit~~
20 ~~organizations did not provide them.~~

21 ~~(5) There is a need to provide methods of fundraising to~~
22 ~~nonprofit organizations to enable them to provide these essential~~
23 ~~services.~~

24 ~~(6) Historically, many nonprofit organizations have used~~
25 ~~charitable bingo as one of their key fundraising strategies to~~
26 ~~promote the mission of the charity.~~

27 ~~(7) Legislation is needed to provide greater revenues for~~
28 ~~nonprofit organizations to enable them to fulfill their charitable~~
29 ~~purposes, and especially to meet their increasing social service~~
30 ~~obligations.~~

31 ~~(8) Legislation is also needed to clarify that existing law requires~~
32 ~~that all charitable bingo must be played using a tangible card and~~
33 ~~that the only permissible electronic devices to be used by charitable~~
34 ~~bingo players are card-minding devices.~~

35 ~~(b) Neither the prohibition on gambling in this chapter nor in~~
36 ~~Chapter 10 (commencing with Section 330) applies to any remote~~
37 ~~caller bingo game that is played or conducted in a city, county, or~~
38 ~~city and county pursuant to an ordinance enacted under Section~~
39 ~~19 of Article IV of the California Constitution, if the ordinance~~
40 ~~allows a remote caller bingo game to be played or conducted only~~

1 in accordance with the requirements of this section, including the
2 following requirements:

3 (1) ~~The game may be conducted only by the following~~
4 ~~organizations:~~

5 (A) ~~An organization that is exempted from the payment of the~~
6 ~~bank and corporation tax by Section 23701a, 23701b, 23701d,~~
7 ~~23701e, 23701f, 23701g, 23701k, 23701w, or 23701l of the~~
8 ~~Revenue and Taxation Code.~~

9 (B) ~~A mobilehome park association.~~

10 (C) ~~A senior citizens organization.~~

11 (D) ~~Charitable organizations affiliated with a school district.~~

12 (2) ~~The organization conducting the game shall have been~~
13 ~~incorporated or in existence for three years or more.~~

14 (3) ~~The organization conducting the game shall be licensed~~
15 ~~pursuant to subdivision (l) of Section 326.5.~~

16 (4) ~~The receipts of the game shall be used only for charitable~~
17 ~~purposes. The organization conducting the game shall determine~~
18 ~~the disbursement of the net receipts of the game.~~

19 (5) ~~The operation of bingo may not be the primary purpose for~~
20 ~~which the organization is organized.~~

21 (e) ~~It is a misdemeanor for any person to receive or pay a profit,~~
22 ~~wage, or salary from any remote caller bingo game, provided that~~
23 ~~administrative, managerial, technical, financial, and security~~
24 ~~personnel employed by the organization conducting the bingo~~
25 ~~game may be paid reasonable fees for services rendered from the~~
26 ~~revenues of bingo games, as provided in subdivision (l), except~~
27 ~~that fees paid under those agreements shall not be determined as~~
28 ~~a percentage of receipts or other revenues from, or be dependant~~
29 ~~on the outcome of, the game.~~

30 (d) ~~A violation of subdivision (e) shall be punishable by a fine~~
31 ~~not to exceed ten thousand dollars (\$10,000), which fine shall be~~
32 ~~deposited in the general fund of the city, county, or city and county~~
33 ~~that enacted the ordinance authorizing the remote caller bingo~~
34 ~~game. A violation of any provision of this section, other than~~
35 ~~subdivision (e), is a misdemeanor.~~

36 (e) ~~The city, county, or city and county that enacted the~~
37 ~~ordinance authorizing the remote caller bingo game, or the Attorney~~
38 ~~General, may bring an action to enjoin a violation of this section.~~

39 (f) ~~No minors shall be allowed to participate in any remote caller~~
40 ~~bingo game.~~

1 ~~(g) A remote caller bingo game shall not include any site that~~
2 ~~is not located within this state.~~

3 ~~(h) An organization authorized to conduct a remote caller bingo~~
4 ~~game pursuant to subdivision (b) shall conduct the game only on~~
5 ~~property that is owned or leased by the organization, or the use of~~
6 ~~which is donated to the organization, provided that the operation~~
7 ~~of bingo games may not be a primary purpose for which the~~
8 ~~organization is organized. Nothing in this subdivision shall be~~
9 ~~construed to require that the property that is owned or leased by,~~
10 ~~or the use of which is donated to, the organization be used or leased~~
11 ~~exclusively by, or donated exclusively to, that organization.~~

12 ~~(i) (1) All remote caller bingo games shall be open to the public,~~
13 ~~not just to the members of the authorized organization.~~

14 ~~(2) No more than 750 players may participate in a remote caller~~
15 ~~bingo game in a single location.~~

16 ~~(3) If the Governor of California or the President of the United~~
17 ~~States declares a state of emergency in response to a natural disaster~~
18 ~~or other public catastrophe occurring in California, an organization~~
19 ~~authorized to conduct remote caller bingo games may, while that~~
20 ~~declaration is in effect, conduct those games pursuant to this section~~
21 ~~with more than 750 participants in a single venue if the net~~
22 ~~proceeds of the games, after deduction of prizes and overhead~~
23 ~~expenses, are donated to or expended exclusively for the relief of~~
24 ~~the victims of the disaster or catastrophe, and the organization~~
25 ~~gives the California Gambling Control Commission at least 10~~
26 ~~days' written notice of the intent to conduct those games.~~

27 ~~(4) An organization authorized to conduct remote caller bingo~~
28 ~~games shall provide the commission with at least 30 days' advance~~
29 ~~written notice of its intent to conduct those games. That notice~~
30 ~~shall include all of the following:~~

31 ~~(A) The legal name of the organization and the address of record~~
32 ~~of the agent upon whom legal notice may be served.~~

33 ~~(B) The locations of the caller and remote players, whether the~~
34 ~~property is owned by the organization or donated, and if donated,~~
35 ~~by whom.~~

36 ~~(C) The name of the licensed caller and site manager.~~

37 ~~(D) The names of administrative, managerial, technical,~~
38 ~~financial, and security personnel employed.~~

39 ~~(E) The name of the vendor and any person or entity maintaining~~
40 ~~the equipment used to operate and transmit the game.~~

1 ~~(F) The name of the person designated as having a fiduciary~~
2 ~~responsibility for the game pursuant to paragraph (2) of subdivision~~
3 ~~(j):~~

4 ~~(G) The license numbers of all persons specified in~~
5 ~~subparagraphs (A) to (F), inclusive, who are required to be licensed.~~

6 ~~(H) A copy of the local ordinance for the counties in which the~~
7 ~~game will be played. The commission shall post the ordinance on~~
8 ~~its Internet Web site:~~

9 ~~(j) (1) A remote caller bingo game shall be operated and staffed~~
10 ~~only by members of the authorized organization that organized it.~~
11 ~~Those members shall not receive a profit, wage, or salary from~~
12 ~~any bingo game. Only the organization authorized to conduct a~~
13 ~~remote caller bingo game shall operate that game, or participate~~
14 ~~in the promotion, supervision, or any other phase of a remote caller~~
15 ~~bingo game. Subject to the provisions of subdivision (I), this~~
16 ~~subdivision shall not preclude the employment of administrative,~~
17 ~~managerial, technical, financial, or security personnel who are not~~
18 ~~members of the authorized organization at a location participating~~
19 ~~in the remote caller bingo game by the organization conducting~~
20 ~~the game. Notwithstanding any other provisions of law, exclusive~~
21 ~~or other agreements between the authorized organization and other~~
22 ~~entities or persons to provide services in the administration,~~
23 ~~management, or conduct of the game shall not be considered a~~
24 ~~violation of the prohibition against holding a legally cognizable~~
25 ~~financial interest in the conduct of the remote caller bingo game~~
26 ~~by persons or entities other than the charitable organization, or~~
27 ~~other entity authorized to conduct the remote caller bingo games,~~
28 ~~provided that those persons or entities obtain the gambling licenses,~~
29 ~~the key employee licenses, or the work permits required by, and~~
30 ~~otherwise comply with, Chapter 5 (commencing with Section~~
31 ~~19800) of Division 8 of the Business and Professions Code. Fees~~
32 ~~to be paid under any such agreements shall be reasonable and shall~~
33 ~~not be determined as a percentage of receipts or other revenues~~
34 ~~from, or be dependent on the outcome of, the game:~~

35 ~~(2) An organization that conducts a remote caller bingo game~~
36 ~~shall designate a person as having fiduciary responsibility for the~~
37 ~~game:~~

38 ~~(k) No individual, corporation, partnership, or other legal entity,~~
39 ~~except the organization authorized to conduct or participate in a~~

1 remote caller bingo game, shall hold a legally cognizable financial
2 interest in the conduct of such a game.

3 ~~(l) An organization authorized to conduct a remote caller bingo~~
4 ~~game pursuant to this section shall not have overhead costs~~
5 ~~exceeding 20 percent of gross sales, except that the limitations of~~
6 ~~this section shall not apply to one-time, nonrecurring capital~~
7 ~~acquisitions. For purposes of this subdivision, “overhead costs”~~
8 ~~includes, but is not limited to, amounts paid for rent and equipment~~
9 ~~leasing and the reasonable fees authorized to be paid to~~
10 ~~administrative, managerial, technical, financial, and security~~
11 ~~personnel employed by the organization pursuant to subdivision~~
12 ~~(e).~~

13 ~~(m) No person shall be allowed to participate in a remote caller~~
14 ~~bingo game unless the person is physically present at the time and~~
15 ~~place where the remote caller bingo game is being conducted. A~~
16 ~~person shall be deemed to be physically present at the place where~~
17 ~~the remote caller bingo game is being conducted if he or she is~~
18 ~~present at any of the locations participating in the remote caller~~
19 ~~bingo game in accordance with this section.~~

20 ~~(n) (1) An organization shall not cosponsor a remote caller~~
21 ~~bingo game with one or more other organizations unless one of~~
22 ~~the following is true:~~

23 ~~(A) All of the cosponsors are affiliated under the master charter~~
24 ~~or articles and bylaws of a single organization.~~

25 ~~(B) All of the cosponsors are affiliated through an organization~~
26 ~~described in paragraph (1) of subdivision (b), and have the same~~
27 ~~Internal Revenue Service activity code.~~

28 ~~(2) Notwithstanding paragraph (1), a maximum of 100~~
29 ~~unaffiliated organizations described in paragraph (1) of subdivision~~
30 ~~(b) may enter into an agreement to cosponsor a remote caller game,~~
31 ~~provided the game shall have not more than 100 locations.~~

32 ~~(3) An organization shall not conduct remote caller bingo more~~
33 ~~than one day per week.~~

34 ~~(4) Before sponsoring or operating any game authorized under~~
35 ~~paragraph (1) or (2), each of the cosponsoring organizations shall~~
36 ~~have entered into a written agreement, a copy of which shall be~~
37 ~~provided to the commission, setting forth how the expenses and~~
38 ~~proceeds of the game are to be allocated among the participating~~
39 ~~organizations, the bank accounts into which all receipts are to be~~

1 deposited and from which all prizes are to be paid, and how game
2 records are to be maintained and subjected to annual audit.

3 ~~(e) The value of prizes awarded during the conduct of any~~
4 ~~remote caller bingo game shall not exceed 37 percent of the gross~~
5 ~~receipts for that game. Every remote caller bingo game shall be~~
6 ~~played until a winner is declared. Progressive prizes are prohibited.~~
7 ~~The declared winner of a remote caller bingo game shall provide~~
8 ~~his or her identifying information and a mailing address to the~~
9 ~~onsite manager of the remote caller bingo game. Prizes shall be~~
10 ~~paid only by check; no cash prizes shall be paid. The organization~~
11 ~~conducting the remote caller bingo game may issue a check to the~~
12 ~~winner at the time of the game, or may send a check to the declared~~
13 ~~winner by United States Postal Service certified mail, return receipt~~
14 ~~requested. All prize money exceeding state and federal exemption~~
15 ~~limits on prize money shall be subject to income tax reporting and~~
16 ~~withholding requirements under applicable state and federal laws~~
17 ~~and regulations and those reports and withholding shall be~~
18 ~~forwarded, within 10 business days, to the appropriate state or~~
19 ~~federal agency on behalf of the winner. A report shall accompany~~
20 ~~the amount withheld identifying the person on whose behalf the~~
21 ~~money is being sent. Any game interrupted by a transmission~~
22 ~~failure, electrical outage, or act of God shall be considered void~~
23 ~~in the location that was affected. A refund for a canceled game or~~
24 ~~games shall be provided to the purchasers.~~

25 ~~(p) (1) The California Gambling Control Commission shall~~
26 ~~regulate remote caller bingo, including, but not limited to, licensure~~
27 ~~and operation. The commission shall establish reasonable criteria~~
28 ~~regulating, and shall require the licensure and registration of, the~~
29 ~~following:~~

30 ~~(A) Any person who conducts remote caller bingo games~~
31 ~~pursuant to this section, including, but not limited to, owners,~~
32 ~~employees, persons having fiduciary responsibility for remote~~
33 ~~caller bingo games, site managers, and bingo callers.~~

34 ~~(B) Any person who directly or indirectly manufactures,~~
35 ~~distributes, supplies, vends, leases, or otherwise provide supplies,~~
36 ~~devices, services, or other equipment designed for use in the~~
37 ~~playing of bingo games by any nonprofit organization registered~~
38 ~~to conduct bingo games.~~

39 ~~(C) Beginning January 31, 2009, or a later date as may be~~
40 ~~established by the commission, all persons described in~~

1 subparagraph (A) or (B) may submit to the commission a letter of
2 intent to submit an application for registration or licensure. The
3 letter shall clearly identify the principal applicant, all categories
4 under which the application will be filed, and the names of all
5 those particular individuals who are applying. Each charitable
6 organization shall provide an estimate of the frequency with which
7 it plans to conduct remote caller bingo operations, including the
8 number of locations. The letter of intent may be withdrawn or
9 updated at any time.

10 (2) (A) The Department of Justice shall conduct background
11 investigations and conduct field enforcement as it relates to remote
12 caller bingo consistent with the Gambling Control Act (Chapter 5
13 (commencing with Section 19800) of Division 8 of the Business
14 and Professions Code) and as specified in regulations promulgated
15 by the commission.

16 (B) Fees to cover background investigation costs shall be paid
17 and accounted for in accordance with Section 19867 of the
18 Business and Professions Code.

19 (3) (A) Every application for a license or approval shall be
20 accompanied by a nonrefundable fee, the amount of which shall
21 be adopted by the commission by regulation.

22 (B) Fees and revenue collected pursuant to this paragraph shall
23 be deposited in the California Bingo Fund, which is hereby created
24 in the State Treasury. The funds deposited in the California Bingo
25 Fund shall be available, upon appropriation by the Legislature, for
26 expenditure by the commission and the department exclusively
27 for the support of the commission and department in carrying out
28 their duties and responsibilities under this section and Section
29 326.5.

30 (C) A loan is hereby authorized from the Gambling Control
31 Fund to the California Bingo Fund on or after January 1, 2009, in
32 an amount of up to five hundred thousand dollars (\$500,000) to
33 fund operating, personnel, and other startup costs incurred by the
34 commission relating to this act. Funds from the California Bingo
35 Fund shall be available to the commission upon appropriation by
36 the Legislature in the annual Budget Act. The loan shall be subject
37 to all of the following conditions:

38 (i) The loan shall be repaid to the Gambling Control Fund as
39 soon as there is sufficient money in the California Bingo Fund to

1 repay the amount loaned, but no later than five years after the date
2 of the loan.

3 (ii) ~~Interest on the loan shall be paid from the California Bingo~~
4 ~~Fund at the rate accruing to moneys in the Pooled Money~~
5 ~~Investment Account.~~

6 (iii) ~~The terms and conditions of the loan are approved, prior~~
7 ~~to the transfer of funds, by the Department of Finance pursuant to~~
8 ~~appropriate fiscal standards.~~

9 ~~The commission may assess and collect reasonable fees and~~
10 ~~deposits as necessary to defray the costs of regulation and~~
11 ~~oversight.~~

12 (q) ~~The administrative, managerial, technical, financial, and~~
13 ~~security personnel employed by an organization that conducts~~
14 ~~remote caller bingo games shall apply for, obtain, and thereafter~~
15 ~~maintain valid work permits, as defined in Section 19805 of the~~
16 ~~Business and Professions Code.~~

17 (r) ~~An organization that conducts remote caller bingo games~~
18 ~~shall retain records in connection with the remote caller bingo~~
19 ~~game for five years.~~

20 (s) (1) ~~All equipment used for remote caller bingo shall be~~
21 ~~approved in advance by the California Gambling Control~~
22 ~~Commission pursuant to regulations adopted pursuant to~~
23 ~~subdivision (r) of Section 19841 of the Business and Professions~~
24 ~~Code.~~

25 (2) ~~The California Gambling Control Commission shall monitor~~
26 ~~operation of the transmission and other equipment used for remote~~
27 ~~caller bingo, and monitor the game.~~

28 (t) (1) ~~As used in this section, "remote caller bingo game"~~
29 ~~means a game of bingo, as defined in subdivision (o) of Section~~
30 ~~326.5, in which the numbers or symbols on randomly drawn plastic~~
31 ~~balls are announced by a natural person present at the site at which~~
32 ~~the live game is conducted, and the organization conducting the~~
33 ~~bingo game uses audio and video technology to link any of its~~
34 ~~in-state facilities for the purpose of transmitting the remote calling~~
35 ~~of a live bingo game from a single location to multiple locations~~
36 ~~owned, leased, or rented by that organization, or as described in~~
37 ~~subdivision (n). The audio or video technology used to link the~~
38 ~~facilities may include cable, Internet, satellite, broadband, or~~
39 ~~telephone technology, or any other means of electronic~~
40 ~~transmission that ensures the secure, accurate, and simultaneous~~

1 transmission of the announcement of numbers or symbols in the
2 game from the location at which the game is called by a natural
3 person to the remote location or locations at which players may
4 participate in the game. The drawing of each ball bearing a number
5 or symbol by the natural person calling the game shall be visible
6 to all players as the ball is drawn, including through a simultaneous
7 live video feed at remote locations at which players may participate
8 in the game.

9 (2) ~~The caller in the live game must be licensed by the California~~
10 ~~Gambling Control Commission. A game may be called by a~~
11 ~~nonlicensed caller if the drawing of balls and calling of numbers~~
12 ~~or symbols by that person is observed and personally supervised~~
13 ~~by a licensed caller.~~

14 (3) ~~Remote caller bingo games shall be played using traditional~~
15 ~~paper or other tangible bingo cards and daubers, and shall not be~~
16 ~~played by using electronic devices, except card-minding devices,~~
17 ~~as described in paragraph (1) of subdivision (p) of Section 326.5.~~

18 (4) ~~Prior to conducting a remote caller bingo game, the~~
19 ~~organization that conducts remote caller bingo shall submit to the~~
20 ~~commission the controls, methodology, and standards of game~~
21 ~~play, which shall include, but not be limited to, the equipment used~~
22 ~~to select bingo numbers and create or originate cards, control or~~
23 ~~maintenance, distribution to participating locations, and distribution~~
24 ~~to players. Those controls, methodologies, and standards shall be~~
25 ~~subject to prior approval by the commission, provided that the~~
26 ~~controls shall be deemed approved by the commission after 90~~
27 ~~days from the date of submission unless disapproved.~~

28 (u) ~~A location shall not be eligible to participate in a remote~~
29 ~~caller bingo game if bingo games are conducted at that location~~
30 ~~in violation of Section 326.5 or any regulation adopted by the~~
31 ~~commission pursuant to Section 19841 of the Business and~~
32 ~~Professions Code, including, but not limited to, a location at which~~
33 ~~unlawful electronic devices are used.~~

34 (v) (1) ~~The vendor of the equipment used in a remote caller~~
35 ~~bingo game shall have its books and records audited at least~~
36 ~~annually by an independent California certified public accountant~~
37 ~~and shall submit the results of that audit to the California Gambling~~
38 ~~Control Commission within 120 days after the close of the vendor's~~
39 ~~fiscal year. In addition, the California Gambling Control~~

1 Commission shall audit the books and records of the vendor at any
2 time:

3 ~~(2) An organization that conducts remote caller bingo games~~
4 ~~shall provide copies of the records pertaining to those games to~~
5 ~~the California Gambling Control Commission within 30 days after~~
6 ~~the end of each calendar quarter. In addition, those records shall~~
7 ~~be audited by an independent California-certified public accountant~~
8 ~~at least annually and copies of the audit reports shall be provided~~
9 ~~to the California Gambling Control Commission within 120 days~~
10 ~~after the close of the organization's fiscal year.~~

11 ~~(3) The costs of the licensing and audits required by this section~~
12 ~~shall be borne by the person or entity required to be licensed or~~
13 ~~audited. The audit shall enumerate the receipts for remote caller~~
14 ~~bingo, the prizes disbursed, the overhead costs, and the amount~~
15 ~~retained by the nonprofit organization. The commission may audit~~
16 ~~the books and records of an organization that conducts remote~~
17 ~~caller bingo games at any time.~~

18 ~~(4) If, during an audit, the commission identifies practices in~~
19 ~~violation of this section, the license for the audited entity may be~~
20 ~~suspended pending review and hearing before the commission for~~
21 ~~a final determination.~~

22 ~~(5) No audit required to be conducted by the commission shall~~
23 ~~commence before January 1, 2010.~~

24 ~~(w) (1) The provisions of this section are severable. If any~~
25 ~~provision of this section or its application is held invalid, that~~
26 ~~invalidity shall not affect other provisions or applications that can~~
27 ~~be given effect without the invalid provision or application.~~

28 ~~(2) Notwithstanding paragraph (1), if paragraph (1) or (3) of~~
29 ~~subdivision (t), or the application of either of those provisions, is~~
30 ~~held invalid, this entire section shall be invalid.~~

31 ~~(x) The commission shall submit a report to the Legislature, on~~
32 ~~or before January 1, 2012, on the fundraising effectiveness and~~
33 ~~regulation of remote caller bingo, and other matters that are relevant~~
34 ~~to the public interest regarding remote caller bingo.~~

35 ~~(y) The following definitions apply for purposes of this section:~~

36 ~~(1) "Commission" means the California Gambling Control~~
37 ~~Commission.~~

38 ~~(2) "Person" includes a natural person, corporation, limited~~
39 ~~liability company, partnership, trust, joint venture, association, or~~
40 ~~any other business organization.~~

1		_____
2	CORRECTIONS:	
3	Title—Lines 2 and 3.	
4	Text—Page 4.	
5	Digest—Page 2.	
6		_____